

# **EXECUTIVE SECRETARIAT** **ROUTING SLIP**

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	EXDIR				
4	D/ICS				
5	DDI		X		
6	DDA				
7	DDO		X		
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt				
13	D/OLL				
14	D/PAO				
15	VC/NIC		X		
16	C/ACIS		X		
17	NIO/USSR		X		
18	C/SE/DO		X		
19	C/EUR/DO		X		
20	NIO/ECON		X		
21					
22					

SUSPENSE

Date

Remarks

STAT

Executive Secretary

27 Jun 85

Date

3637 (10-81)



## United States Department of State

Washington, D.C. 20520

June 14, 1985

Executive Registry

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## MEMORANDUM TO:

D - Mr. Dam  
 P - Mr. Armacost  
 E - Mr. Wallis  
 T - Mr. Schneider  
 M - Mr. Spiers  
 C - Mr. Derwinski  
 AF - Mr. Crocker  
 ARA - Mr. Motley  
 CA - Ms. Clark  
 EAP - Mr. Wolfowitz  
 EB - Ms. Constable  
 EUR - Mr. Burt  
 H - Mr. Ball  
 HA - Mr. Abrams  
 INR - Mr. Abramowitz  
 IO - Mr. Newell  
 L - Mr. Sofaer  
 M/CTP - Mr. Oakley  
 NEA - Mr. Murphy  
 OES - Mr. Malone  
 PA - Mr. Kalb  
 PM - Gen. Chain  
 RP - Mr. Purcell  
 S/ARN - Mr. Nitze  
 S/ART - Mr. Rowny  
 S/CPR - Mrs. Roosevelt  
 S/NP - Mr. Kennedy  
 S/P - Mr. Rodman  
 ACDA - Mr. Adelman  
 CIA -   
 DOD - Col. Brown  
 NSC - Mr. Kimmitt  
 USIA - Ms. Bailey

## SUBJECT:

The Secretary's Meeting in Helsinki with Soviet Foreign Minister Gromyko, July 31, 1985

## EUR COORDINATOR:

Thomas Simons, EUR/SOV, Room 4217,  
632-3738

## DEPUTY COORDINATOR:

Lynn Pascoe, EUR/SOV, Room 4217,  
632-9559

## S/S-S ACTION OFFICER:

Keith A. Eddins, Room 7241, 632-8338

Alternate: Timothy V. Collins, Room 7241, 632-8062

This memorandum assigns responsibilities for the preparation of briefing materials for use by the Secretary during his July 31 meeting in Helsinki with Soviet Foreign

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Minister Gromyko. Bureaus wishing to suggest additions or changes to this tasker should contact the S/S-S Action Officer as soon as possible.

I. PRELIMINARY PAPERS

A. Action Memorandum (Game Plan) on Issues for Discussion and Participation: EUR should prepare an action memorandum to the Secretary recommending issues to be discussed with the Soviets in Vienna. The memorandum should also recommend participants for the pre-briefing and the bilateral, and assign a notetaker for the meeting. This is due in S/S-S, cleared by P, PM, S/ARN and S/ART at a minimum, by 1700 hours June 28.

B. Scope Paper: EUR should draft a scope paper for the Secretary discussing the goals and strategy for the Gromyko meeting. It should address the following questions: 1) Where does our relationship stand? 2) What do we want from the meeting? 3) What do the Soviets want? 4) What can we realistically achieve? The paper should be cleared by P and by other bureaus as appropriate. It should not exceed five pages in length. The scope paper is due in S/S-S by 1700 hours July 17.

II. BRIEFING MATERIALS FOR THE SECRETARY

The following briefing materials should be prepared for use by the Secretary:

A. Background Materials:

Fact Sheets: The following one-page fact sheets should be prepared according to the attached format and cleared appropriately. They should be delivered to the EUR Coordinator no later than 1700 hours July 19.

<u>TOPIC</u>	<u>DRAFT</u>	<u>CLEAR</u>
ARMS CONTROL ISSUES		
(1) Geneva talks	EUR	P, PM, ACDA S/ARN, S/ART
(2) Interim Restraint	PM	P, EUR, ACDA, S/APN, S/ART
(3) Other arms control issues	EUR	P, PM, ACDA, S/ARN, S/ART
(4) Non-Proliferation	S/NP	P, EUR, PM, ACDA
(5) Chemical Weapons	PM	P, EUR, ACDA

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<u>TOPIC</u>	<u>DRAFT</u>	<u>CLEAR</u>
<u>REGIONAL ISSUES</u>		
(1) South Asia/Afghanistan	NEA	P, EUR, PM, IO
(2) Middle East	NEA	P, EUR
(3) Far East	EAP	P, EUR, EB
(4) Central America	ARA	P, EUR, PM
(5) Southern Africa	AF	P, EUR
(6) Berlin	EUR	P, S/P, PM
<u>BILATERAL ISSUES</u>		
(1) Human Rights	EUR	P, HA
(2) Pacific Air Safety	EUR	P, EAP, EB
(3) Economic Issues	EUR	P, E, EB
(4) Other Bilateral Issues	EUR	P

Economic Data Sheet: EUR should prepare an economic data sheet (sample attached) for the USSR. It is due in S/S-S by 1700 hours July 19.

Checklists on 5x8 Cards: A concise individual checklist on 5x8 cards should be provided for the meeting. It should note -- in tick format -- the main topics the Secretary should raise. It may also comment on the order of business, and note special sensitivities or courtesy points. Copies of the cards are due in S/S-S no later than 1700 hours July 22.

B. Scenarios/Schedule:

EUR/RPM is working with Embassy Helsinki to prepare the the final schedule and scenarios for the trip. For any special requirements relating to the meeting with Gromyko, EUR/SOV should contact EUR/RPM, Joseph Limprecht (632-1134).

III. PUBLIC STATEMENTS

EUR/RPM is preparing drafts of public statements and remarks expected to be made by the Secretary during the trip. EUR/SOV should prepare any public statements specific to the meeting with Gromyko, and should consult with EUR/RPM concerning the Secretary's arrival and departure statements.

IV. BIOGRAPHIC MATERIAL

S/S-S will request appropriate biographic material. By COB June 25 EUR should provide the S/S-S action officer with a list of names of Soviet officials expected to accompany Foreign Minister Gromyko.

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PLEASE NOTE: S/S-S requires the original, three copies and the WANG diskette for all papers. Drafting and clearing information should appear on a separate page. All papers for the trip should be delivered to the S/S-S action officer through the EUR coordinator. They should not be logged in with S/S-I.

*Nicholas Platt*

Nicholas Platt  
Executive Secretary

Attachments:

1. List of Due Dates
2. Sample Fact Sheet
3. Sample Economic Data Sheet

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Secretary's July 31 Meeting with Gromyko

Due Dates for Papers

June 25

Biographic List

June 28

Action Memorandum (Game Plan)

July 17

Scope Paper

July 19

Fact Sheets  
Economic Data Sheet

July 22

5x8 Cards

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**SAMPLE**CONFIDENTIALFACT SHEET: OTHER ARMS CONTROL TALKS (MBFR, CDE, CD/CW)I. STATUS

- o In MBFR, Soviet February 14 proposal on initial US-USSR reductions and subsequent freeze of each side's forces mainly rehashes 1983 proposals with no substantive movement on key data and verification issues. In last round, West probed details of Soviet move. Next round starts May 23.
- o In CDE, Soviets tabled non-use of force treaty and continued to emphasize declaratory measures. West tabled package of six concrete measures to enhance openness in military establishments and activities in Europe. Next round begins May 14 in Stockholm.
- o At the Geneva CD, chemical weapons talks produced little progress; Soviets have yet to address US proposals in April 1984 Draft Treaty constructively. Talks resume June 11.

II. SOVIET OBJECTIVES

- o Soviets emphasized "negotiability" of recent MBFR move, but lack of new flexibility and no visible interest/support for MBFR at senior Soviet levels suggests it was not major initiative, but designed to put ball back in our court.
- o At CDE, serious drafting can begin once Soviets indicate they are ready to negotiate entire NATO package, including verification measures which they say they don't care for.
- o Soviets will likely criticize US CW modernization plans, e.g., US FY '86 funding request for binary production which the CW Commission chaired by Stoessel has recommended.

III. US OBJECTIVES

- o US reviewing MBFR goals and options. We and Allies will carefully consider recent Soviet proposal and broader factors in determining how best to move talks forward, but flexibility on our side requires same from Soviets.
- o We will continue to probe Soviets for movement during next CDE round; we remain ready to discuss Soviet interest in non-use of force if Soviets will negotiate concrete measures such as those in NATO package.
- o Primary US goal remains global verifiable ban on chemical weapons, but until achieved, Western security requires effective CW deterrence. Modernization of outdated CW stockpile thus necessary.

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PORTUGAL -- AT A GLANCE

Economy Struggling to Recover from Deep Recession

- In 1983-84: GDP growth was -2.1%, unemployment up from 8 to 10.8%
- GOP counting on controlled reflation and continued high exports for resumed growth
- Inflation trending down slowly; now at 25%

Generally good record of compliance with IMF program

- Met all but one target (public sector credit) of 1983/84 standby
- Current account deficit reduced from \$3.3 billion (1982) to under \$0.5 billion (1984)
- No follow-on standby planned but IMF has agreed to "enhanced surveillance"
- International lenders well-disposed again but vigilant

Soares' government moving slowly to streamline public sector, expand private sector

- Troubled public companies being restructured, excess labor trimmed
- Banking and other sectors opened up to new private entrants
- Reform of labor and rent control laws pending (very touchy)
- Consumer subsidies reduced but not eliminated

Portugal looking to EC entry to boost its weak economy

- EC equals aid, new investment, competitive stimuli and assured market access
- Eventual impact on numerous inefficient producers/farmers will be severe
- Weak agriculture and energy dependence will remain problems
- Conventional wisdom is EC membership will help economy; extent of benefit remains to be seen

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**ECONOMIC DATA CHART -- PORTUGAL**

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984 E</u>	<u>1985 E</u>
<b>1. ECONOMIC INDICATORS:</b>					
1a. Population (mid-year, million)	9.9	9.9	10.0	10.0	10.0
1b. Official Unemployment Rate (percent)	8.2	7.4	10.4	10.3	10.3
1c. Gross Domestic Product (\$ billion) (1)	23.9	23.4	20.7	19.5	19.2
1d. GDP Per Capita (\$)	2426	2364	2080	1950	1920
1e. Investment/GDP Ratio (percent)	34.1	31.6	29.6	24.0	23.0
1f. Real GDP (percent change)	0.8	3.5	-0.5	-1.6	1.0
1g. Real GDP Per Capita (percent change)	4.6	3.3	-1.0	-2.1	0.5
1h. Inflation Rate (percent)	20.0	22.4	25.5	29.3	24.0
<b>2. FISCAL INDICATORS:</b>					
2a. Public Sector Revenues as percent of GDP	28.9	29.3	31.5	31.6	32.0
2b. Public Sector Expenditures as pct of GDP	41.6	41.7	42.7	43.5	44.0
2c. Public Sector Balance as percent of GDP	-11.7	-11.9	-9.0	-8.9	-10.7
<b>3. BALANCE OF PAYMENTS:</b>					
3a. Exports to US (\$ billion)	0.2	0.3	0.3	0.5	0.5
3b. Imports from US (\$ billion)	1.1	1.0	1.2	1.0	1.0
3c. Total Exports (\$ billion)	4.1	4.1	4.6	5.2	5.5
3d. Total Imports (\$ billion)	9.3	8.9	7.6	7.3	7.7
3e. Merchandise Trade Balance (\$ billion)	-5.2	-4.8	-3.0	-2.1	-2.2
3f. Current Account Balance (\$ billion)	-2.9	-3.2	-1.6	-0.6	-0.9
<b>4. EXTERNAL DEBT</b>					
4a. Gross External Debt (\$ billion)	11.0	13.7	14.4	15.4	16.2
4b. Gross External Debt per capita (\$)	1114	1380	1445	1540	1620
4c. Debt Service Paid (\$ billion)	2.1	2.4	2.3	3.0	3.1
4d. Debt Service as percent of exports(2)	22.7	28.7	28.2	33.3	33.5
4e. Gross Debt as percent of GDP	45.9	58.5	69.6	79.0	84.9

- (1) GDP data are derived and subject to distortion because of exchange rate fluctuations.  
 (2) Includes exports of goods and services and worker remittances.

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